FINANCIAL SECRETARIAT.

Financial Branch.

ORDER NO. FL. 3250-309—G. F. 223-23-2, DATED 18TH DECEMBER 1924.

Under the policy of expansion of education of all grades, the expenditure on Education has largely increased in the last few years and it is bound to grow still further in the future. According to the Budget Estimates for 1924-25, the Education Department is answerable for a total expenditure of Rs. 47¼ lakhs and has to account for receipts of different kinds including school fees amounting to Rs. 11¼ lakhs; thus, the volume of annual transactions already amounts to about Rs. 60 lakhs and it will increase year by year. The financial responsibilities of the Education Department are, therefore, heavy and growing and the question of providing it with the facilities necessary for the proper control of the financial interests committed to its charge has, for some time past, been under the consideration of Government.

2. Under the existing system, the accounts relating to the transactions of the Education Department are compiled and maintained in the Comptroller's Office and the Inspector-General of Education is not, under this arrangement, in close touch with the working of his Department on the financial side and is thus handicapped in the administration of his Department. Powers of financial sanction and control have been delegated to him and devolution of further powers is desirable in the interests of Departmental administration and the advice of a Technical Assistant would be of considerable help to him in the exercise of such powers. For making financial control effective and for enforcing economy in administration, it is necessary to develop a system of internal administrative audit conducted with intimate knowledge of the work of the Department with better means of information than accounts and documents prepared for the inspection of an external examiner. It is also necessary to provide for the maintenance, within the Department, of accounts which will keep the Inspector-General constantly informed of the financial results of working of his Department and which will also enable him to use the available resources to the best advantage every year while adhering to the scheme of appropriations sanctioned by the Legislative Council. In view of these considerations, it is desirable to organize, as part of the office of the Inspector-General of Education, a separate Branch and entrust it with the work of accounts, audit and finances of the Department.

3. The Financial Branch of the Education Office will be placed under an officer of the Accounts Department who will work as an Assistant to the Inspector-General of Education. The duties of this Assistant will broadly be classified under the following heads:

(1) Financial Adviser to the Inspector-General of Education;
(2) Accounting Officer of the Education Department; and
(3) Officer in charge of the internal audit of the financial transactions of the Education Department.

4. In matters relating to audit and accounts, the Officer in charge of the Financial Branch should be guided by instructions issued by the Comptroller. If cases arise in which the Inspector-General does not accept the opinion of his Financial Assistant, he will issue written orders which should be carried out by the latter and all instances of this kind should be reported to the Comptroller for such action as he may consider necessary.

5. The detailed audit of all kinds of expenditure of the Education Department will be conducted in the Financial Branch of the Education Office instead of, as hitherto, in the Comptroller's Office. The system of audit of the several classes of expenditure of the Education Department will be on the lines settled by the Comptroller, keeping in view the requirements of the Inspector-General for exercising an effective control over the financial operations of his Department.

6. Arrangements will be made for the submission, by Treasuries to the Financial Branch of the Education Office, of all paid Education bills subject to post audit and particular care should be taken for the safe custody of bills and vouchers while under audit as also after audit.

7. The Financial Assistant to the Inspector-General should submit monthly, to the Comptroller, an audited account of the receipts and expenditure of the Department and also such other accounts and returns as the Comptroller may require.

8. All bills which, under the rules of the Department, are submitted to the Inspector-General for sanction or countersignature should be subject to pre-audit and paid by cheques.

9. The Financial Branch of the Education Office will, for the present, consist of sixteen hands, of whom eleven who are employed on Education audit in the Comptroller's Office will be transferred from that office and the remaining five hands will be spared from the present establishment of the office of the Inspector-General of Education. The extra cost of the Scheme of Education Audit sanctioned in this order will thus be limited to the emoluments of the Gazetted Officer appointed to work as the Financial Assistant to the Inspector-General of Education and will be met by reappropriation during the current year.

10. The Comptroller should arrange for the examination of the accounts and audit work of the Financial Branch of the Education Office at least once a year and his examination should keep the following objects in view:—

(1) a general scrutiny to see that the work is properly performed; and
(2) a special scrutiny for the discharge of his responsibility to the Legislature in respect of audit against appropriation and of points to be noted in the annual Audit and Appropriation Report.

11. As Industrial Schools are under the Director of Industries and Commerce, the new system will not apply to them and the audit of bills of these Schools will continue to be conducted in the Comptroller's Office.

M. N. KRISHNA RAO,
Financial Secretary to Government.

Family Pension Fund.

READ—

Correspondence ending with letter No. 3293, dated 13th September 1924, from the Secretary to the Mysore State Life Insurance Committee, forwarding the report of the Actuary Mr. George King regarding the family pension branch and the opinion of the Committee thereon and requesting orders of Government on the proposed non-admission of fresh entrants to the Scheme.

ORDER NO. FL. 3331-90—G. F. 54-24-4, DATED 19TH DECEMBER 1924.

The working of the Family Pension Fund of the State Life Insurance Scheme has not shown any improvement and it has not proved as popular as was expected. Mr. George King, Actuary, who valued the Fund considers that the rates are quite inadequate and that working upon them the Fund must result in loss. He has therefore recommended that the Fund may be closed to new entrants. This recommendation which is supported by the Insurance Committee is approved.

M. N. KRISHNA RAO,
Financial Secretary to Government.